



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

10/631,837

08/01/2003

Mike V. Naples

USPS-061

1034

28661

7590

06/18/2010

LEWIS AND ROCA LLP
1663 Hwy 395, Suite 201
Minden, NV 89423

EXAMINER

STERRETT, JONATHAN G

ART UNIT

PAPER NUMBER

3623

MAIL DATE

DELIVERY MODE

06/18/2010

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/631,837	Applicant(s) NAPLES ET AL.	
	Examiner JONATHAN G. STERRETT	Art Unit 3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 3-30-2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-39 and 85 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-39 and 85 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Summary

1. This **Non-Final Rejection** is responsive to the amendment of 30 March 2010. Currently **Claims 1-39 and 85** are examined below. The 35 USC 101 and 112 rejections are withdrawn.

Response to Argument

2. The arguments have been fully considered but are moot in view of new grounds of rejection.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. **Claims 1-39 and 85** is rejected under 35 U.S.C. 103(a) as being unpatentable over Dwyer, FR, "Customer Lifetime Valuation to Support Marketing Decision Making", 1997, Journal of Direct Marketing, Volume 11, Issue 4, John Wiley & Sons, pp.6-13.(hereinafter **Dwyer**) in view of "Quantitative approaches for profit maximization in direct marketing", 1998, H van der Scheer - dissertations.ub.rug.nl (hereinafter **Scheer**)

Regarding **Claim 1**, Dwyer teaches:

**1. A method of evaluating a direct mail marketing campaign, comprising:
receiving a value representing a number of customers targeted for the
direct mail marketing campaign;**

Exhibit 1 page 10, subs (i.e. subscriptions) targeted for direct mail
**receiving a production cost of the direct mail marketing campaign;
wherein the production cost includes a fixed price component for the direct
mail marketing campaign and an average price component per mailing unit for
the direct mail marketing campaign;**

receiving financial information for the direct mail marketing campaign;
Exhibit 1 page 10, direct costs are costs associated with direct mail to get the
subs to renew. – financial information (i.e. a discount rate is financial information).
**determining the return on investment of the direct mail marketing
campaign based on the production cost, shipping service cost, and financial
information; and outputting the return on investment of the direct mail marketing
campaign**

Exhibit 1 page 10, NPV/M is a return on investment figure (i.e. a net present
value or NPV figure measures return on investment according to a discount rate).

Art Unit: 3623

The formulas used in this figure are financial information necessary to calculate a net present value (i.e. a return on investment). Direct costs of conducting the mailing are direct costs in that they are directly associated with producing the mailing.

Dwyer teaches calculating an NPV which implies a financial calculation to balance costs versus revenues. Dwyer teaches that part of this cost is "direct cost". While Dwyer teaches that cost for mailings is part of analyzing the return on investment for a lifetime value of customers, Dwyer does not teach explicitly the shipping cost. However, Official Notice is taken that shipping cost is known in the art of direct mailing to be part of the expenditure and would have provided a predictable result in combination with the teachings of Dwyer because Dwyer's NPV takes into account direct costs associated with estimating the expenditures required to perform a direct mail campaign.

Dwyer does not teach:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Scheer teaches:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Art Unit: 3623

Page 9 bottom – the cost of mailing a single piece of mail (i.e. the variable costs) and the fixed cost - i.e. a fixed price component for the direct mail marketing program - since Scheer is teaching how to quantitatively analyze a mailing program.

See also page 141 bottom para – here Scheer suggests taking the fixed cost component into account because of the practice of ensuring a minimum number of mailings to ensure that fixed costs do not dominate variable costs.

Dwyer and Scheer both address how to optimize the efforts of direct mail marketing, thus both Dwyer and Scheer are analogous art.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Dwyer regarding performing an NPV analysis of direct mail marketing to determine a return on investment, to include taking a fixed cost component into account, as taught by Scheer, because it would have ensured identifying a minimum number of mailings to determine a break-even point for the financial analysis (i.e. a break-even point identifying where the benefit of the mailing equals the fixed and variable costs).

Dwyer and Scheer fail to teach calculating an ROI (return on investment) where this is calculated by dividing net profit (or a percentage of net profit) by campaign costs.

However, Dwyer does teach using an NPV calculation in determining financial attractiveness. Official Notice is taken that it is old and well known in the art to calculate an ROI by dividing net profit (or a percentage of net profit) by total costs.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Dwyer by measuring the financial attractiveness of a marketing campaign using an ROI (i.e. by dividing net profit, or a percentage of net profit by campaign costs), because it would have provided a predictable result in using the information in Dwyer in calculating a different financial metric.

Regarding **Claims 2-6**, Dwyer teaches receiving a direct cost to determine a return on investment, Dwyer does not teach the various costs recited, however the recited method steps would be performed the same regardless of the specific data. Further, the structural elements remain the same regardless of the specific data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP ' 2106

The recited costs claimed include:

2. (Original) The method according to claim 1, wherein receiving a production cost comprises:
receiving a production cost of marketing material; and

page 9 column 2 para 1, Dwyer teaches using a holiday greeting card to maintain customer accounts. In combination with the rest of the article, which deals with financial cost/benefit analysis of customer valuation, one of ordinary skill in the art would recognize that there is a cost (i.e. a production cost) of this card (i.e. marketing material).

receiving a cost of a mailing list and a cost of printing the marketing material.

Dwyer teaches a costs of a mailing (page 7 column 2) and teaches direct costs associated with providing a mailing to potential customers.

3. (Original) The method according to claim 2, wherein the marketing material production cost includes:

an all-inclusive production cost.

Page 10 Exhibit 1 – direct costs are an all inclusive production costs.

4. (Original) The method according to claim 2, wherein the marketing material production cost includes:

administrative and planning costs, creative cost, film and photography cost, data processing cost, professional fees, freight, and other production costs.

As noted above for claim 2, Dwyer suggests that marketing material production cost includes, e.g. for example sending a holiday greeting card to customers as part of account husbanding, that is, maintaining customer relationship through a direct mailing.

However Dwyer does not teach that the marketing material production cost includes:

administrative and planning costs, creative cost, film and photography cost, data processing cost, professional fees, freight, and other production costs.

However Official Notice is taken that these costs are old and well known in the art of production of marketing material.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the financial return analysis of Dwyer to include where the marketing material production cost includes various costs associated with production of marketing material, because it would have provided a predictable result in providing a financial marketing analysis using various production costs, thus showing the return of the effort to include the marketing material production costs required.

5. (Original) The method according to claim 2, wherein the mailing list cost includes: list acquisition cost.

Exhibit 2, Dwyer teaches direct marketing (i.e. suggesting mailing to customers) where a percentage of customers respond to initial mailed offers (.e.g $p = .30$ or 30%), however Dwyer does not teach where the mailing list cost includes list acquisition cost.

Art Unit: 3623

However, Official Notice is taken that it is old and well known in the art of marketing for the acquisition of mailing lists, such as those used for the direct marketing of Dwyer, to cost money, i.e. for there to be a list acquisition cost.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the financial analysis approach of Dwyer in evaluating direct marketing programs, to have included where the cost of acquiring the mailing list was used in the financial analysis, because it would have provided a predictable result in producing a financial analysis of a mailing program that accounted for the cost of acquiring the mailing list used in the direct marketing mailing.

6. (Original) The method according to claim 2, wherein the printing cost includes:

folding, inserting, and labeling cost.

As per above (and see also Figure 1) Dwyer teaches a direct marketing mailing and teaches taking into account various costs including a direct cost for a direct mail program. As per above, Dwyer teaches as part of a marketing campaign (for example in account maintenance sending a holiday card) sending a promotional material to a customer. While Dwyer teaches direct costs associated with mailing and teaches sending a card to customers, Dwyer does not teach where the direct costs include folding, inserting and labeling costs, however Official Notice is taken that these costs are old and well known in the art and would have been obvious to one of ordinary skill in

Art Unit: 3623

the art at the time of the invention to modify the financial analysis teachings of Dwyer where costs for direct mailings are used with the financial benefits, because it would have provided a predictable result with Dwyer by including the folding inserting and labeling cost as part of the financial analysis.

Regarding **Claim 7**, Dwyer teaches shipping cost (Exhibit 2 under "Distribution and Account Maintenance". Dwyer does not teach discounting the shipping rate by a discount where the discount is applied to this shipping rate.

However, Official Notice is taken that discounting shipping rates is old and well known in the art of shipping and would have been obvious by a person of ordinary skill in the art at the time of the invention and would have provided a predictable result in combination with the ROI teachings of Dwyer because it would have reflected the NPV realized from the actual amount spent on shipping.

Regarding **Claim 8**, Dwyer teaches:

8. The method according to claim 1, wherein receiving financial information comprises:

receiving a response rate; and receiving an expected price of items marketed in the direct mail marketing campaign.

Figure 2 shows a probability of responding (i.e. a response rate) and an expected purchase "E", an expected price.

Regarding **Claim 9**, Dwyer teaches:

9. The method according to claim 8, wherein determining the return on investment comprises:

determining a direct mail marketing campaign cost based on the production and shipping costs;

receiving a close ratio;

determining a gross profit for the items marketed in the direct mail marketing campaign;

determining a net profit based on the gross profit and the direct mail marketing campaign costs; and

determining the return on investment based on the net profit and the direct mail marketing campaign costs.

Exhibit 1 shows a close ratio (i.e. rate of responses), a gross and net profit based on total revenue and total revenue less direct costs - the bottom shows an NPV (i.e. a return on investment).

Regarding **Claim 10**, Dwyer teaches:

10. The method according to claim 1, further comprising determining a lifetime value of the marketing campaign.

Art Unit: 3623

Exhibit 1 and 2 – since Dwyer is modeling customers response to marketing campaigns with an estimated NPV of this over time - this is an estimate of the lifetime value of the campaign.

Regarding **Claim 11**, Dwyer teaches:

11. The method according to claim 10, wherein determining the lifetime value of the marketing campaign comprises:

receiving a value of a sale; receiving a number of sales per year; receiving a number of years retained;

Exhibit 1 section B: value of a sale - \$15; number of sales per year: 1000 subs (subscriptions); number of years retained – years 1-5.

receiving a retention rate;

Exhibit 1/B section A under "Account Maintenance"

determining a lifetime value of the customer based on the sale value, number of sales per year, number of years retained, number of targeted customers;

Exhibit 1/B – bottom line – NPV is a lifetime value of the customer based on sale value, sale per year – years retained (5) and those targeted.

determining a number of customers acquired based on the financial information of the direct mail marketing campaign and number of targeted customers; and

Art Unit: 3623

Exhibit 1/B – the various years show the number of customers acquired in that year.

determining the lifetime value of the campaign based on the number of customers acquired, retention rate, and a lifetime value of the customer.

Exhibit 1/B – the lifetime value (note Dwyer's teaching if regarding a Lifetime Value – or LTV) is measured as an NPV – in this example it is \$,20684

Regarding **Claim 12**, Dwyer teaches:

12. The method according to claim 11, further comprising:

receiving a number of touches per year; and

Exhibit B – a goodwill greeting card (i.e. a touch per year) is sent to customers.

determining a lifetime mailing investment.

Exhibit B – the cost of pursuing a marketing campaign versus the revenues (i.e. used to calculate the NPV) is the determination of a lifetime mailing investment.

Regarding **Claim 13**, Dwyer teaches:

13. The method according to claim 1, wherein outputting the return on investment comprises:

generating an executive summary; and

outputting the executive summary.

Exhibit 1 page 10

Claims 14-39 and 85 recited similar limitations to those addressed above by the rejection of **claims 1-13** and are rejected according to a similar rationale.

Furthermore regarding **Claims 14-39 and 85**, Dwyer does not explicitly teach using a computer system for performing the method, including using a GUI interface to enter data into a software package, however Official Notice is taken that automating method steps, including using a GUI interface and a computer system are old and well known in the art and would have been obvious to combined with the method steps taught by Dwyer by one of ordinary skill in the art at the time of the invention because it would have provided the benefit of perform the method steps faster and more efficient since they are performed using a computer system with a GUI interface. Furthermore, automating the method steps taught by Dwyer does not convey patentability since it amounts to automating a known process (in re Venner).

Conclusion

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

SELLING BY MAIL ORDER

sba.gov [PDF]M Series - Appeal - sbaonline.sba.gov ©1990, Cohen

Art Unit: 3623

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jonathan G. Sterrett whose telephone number is 571-272-6881. The examiner can normally be reached on 8-6.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on 571-272-6737. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

JGS 6-16-2010

/Jonathan G. Sterrett/

Primary Examiner, Art Unit 3623

Application/Control Number: 10/631,837
Art Unit: 3623

Page 16